

taking the action to terminate its Contract of Insurance before the expiration of the 5-day notice period.

(c) *Effects of termination.* Termination of a Contract of Insurance shall not affect:

(1) The Department's obligation to provide insurance coverage with respect to eligible loans originated before the termination, absent fraud or misrepresentation;

(2) A lender's obligation to continue to pay insurance premiums and meet all other obligations associated with eligible loans originated before termination; or

(3) A lender's right to apply for and be granted a new Title I contract of insurance, provided that the requirements for approval under this subpart are met.

[49 FR 24991, June 19, 1984. Redesignated at 56 FR 52436, Oct. 18, 1991. Redesignated and amended at 60 FR 13836, Mar. 14, 1995]

§ 202.9 Administrative actions.

(a) *General.* The provisions of 24 CFR part 25 shall be applicable to a lender participating in the Title I program. Administrative actions which may be applied are set forth in 24 CFR 25.5. Civil money penalties may also be imposed against Title I lenders pursuant to 24 CFR 25.13 and part 30 of this title. For purposes of this section the term "lender" shall also include loan correspondents as defined in § 202.2(b) of this subpart A.

(b) *Grounds for administrative actions.* Administrative actions shall be based upon both the grounds set forth in 24 CFR 25.9 and as follows:

(1) Failure to properly supervise and monitor dealers under the provisions of 24 CFR part 201;

(2) Exhaustion of the general insurance reserve established under 24 CFR part 201;

(3) Maintenance of a claims/loan ratio representing an unacceptable risk to the Department; or

(4) Transfer of a Title I loan to a party that does not have a valid Contract of Insurance.

[61 FR 8459, Mar. 4, 1996]

Subpart B—Approval of Mortgagees

SOURCE: 57 FR 58340, Dec. 9, 1992, unless otherwise noted

§ 202.10 Definitions.

As used in this subpart:

(a) *Mortgage* means a mortgage as defined in this chapter, or a loan authorized for insurance under Title II of the National Housing Act;

(b) *Mortgagee* means a mortgage lender which meets the definition of either a supervised mortgagee at § 202.13, a nonsupervised mortgagee at § 202.14, a loan correspondent at § 202.15, an investing mortgagee at § 202.16, or a governmental institution at § 202.17.

§ 202.11 Approval, origination approval agreement, recertification, withdrawal of approval and termination of approval agreement.

(a) *Approval.* (1) A mortgagee may be approved for participation in the mortgage insurance programs authorized by the National Housing Act upon filing a request for approval on a form prescribed by the Secretary and signed by the applicant. The approval form shall be accompanied by such documentation as may be prescribed by the Secretary to support the request for approval. Approval of the application shall constitute:

(i) The Secretary's agreement that the mortgagee shall be considered an approved mortgagee unless suspended or withdrawn pursuant to 24 CFR part 25, or unless the mortgagee voluntarily relinquishes its approval;

(ii) The mortgagee's agreement to comply at all times with the General approval requirements of § 202.12, and the special requirements for the class of mortgagee, at §§ 202.13, 202.14, 202.15, 202.16 or 202.17, for which it was approved; and

(iii) An origination approval agreement under which approval to originate mortgages for insurance may be terminated as provided in paragraph (d) of this section, in addition to any actions of the Mortgagee Review Board authorized by part 25 of this title.